



Sustainability accelerating growth

DS Smith Investor Seminar

20 January 2022



Agenda

Redefining Packaging for a Changing World

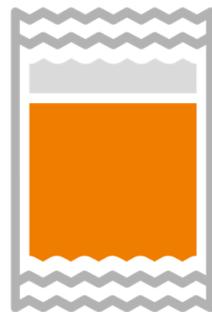
- Sustainability accelerating growth – Miles Roberts
- Delivering sustainability – Wouter van Tol
- Circular design metrics - Chris Else
- Accelerating plastic replacement – Samantha Upham
- Customer feedback and summary – Miles Roberts
- Q&A

The world today



71%

agree that 'in the long term, climate change is as serious as COVID-19'



85%

agree that they 'want to buy products which use as little packaging as possible'



32%

say 'dealing with amount of the waste we generate' is a 'top 3' environmental issue



1 in 4

people are actively anti-plastic

Our sustainability business model

Sustainability leader

- Circular business model
- Solely fibre-based – no plastics
- Substantial scale in production and distribution
- Leading market positions
- Consistent innovation and investment aligned with our customers' sustainability challenges



Sustainability driving an acceleration in growth



- Between 2010 and 2019:
 - Market average volume growth by c.1.5% p.a.
 - DS Smith average volume growth 2.5% p.a.
- Future market growth accelerated to 2-3% due to:
 - Sustainability
 - Circular economy
 - Plastic replacement
 - Supportive legislation / taxation
 - Continued E-commerce penetration
 - Changing demographics
- DS Smith continuing outperformance driven by:
 - Our differentiation
 - Investing for growth

Increasing momentum for sustainability

Consumer drivers

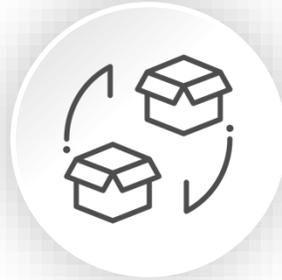
The modern consumer is **highly engaged** and **wants to have a say** in the future of our world and our resources. They see their purchasing choices as **a way to have influence** and will **actively seek out** products and companies offering sustainable solutions.



Consumer drivers



Four out of five people (80%) say climate change is an important issue for them.



64% of consumers are willing to pay more for sustainable packaging.



78% of people are more likely to purchase a product that is clearly labelled as environmentally friendly.



The average European has thrown away **41%** of their recyclable goods into the rubbish bin.

Customer drivers



- 100% recyclable or reusable by 2025
- To reduce the use of virgin plastics by one-third by 2025



By 2025,

- To halve its use of virgin plastic, by reducing its absolute use of plastic packaging by more than 100,000 tonnes and accelerating its use of recycled plastic
- To help collect and process more plastic packaging than it sells
- To ensure that 100% of our plastic packaging is designed to be fully reusable, recyclable or compostable.



- To make 100% of its packaging recyclable or reusable and reduce its use of virgin petroleum plastic by 50% by 2030



- To reduce virgin plastic use per serving by half across all brands by 2030 and use 50% recycled content in all its plastic packaging
- To reach 25% recycled content in our plastic packaging by 2025

Retailer drivers



All packaging fully recyclable by 2025



- 100% recyclable, reusable or compostable packaging for the Group's own brands by 2025



- By 2025, 100% of its own-label and branded packaging to be recyclable, reusable, refillable or renewable
- To reduce own-label plastic packaging, targeting a 40% reduction by 2025



- Remove all plastic in packaging by 2025
- Become entirely carbon-neutral by 2030

Delivering sustainability

Wouter van Tol
Head of Sustainability

Delivering sustainability



- Delivering sustainability through the circular economy
- DS Smith leadership in sustainability
 - Our strategy
 - Our performance
 - Our differentiators

Driving profitable growth with customers

Delivering sustainability through the circular economy

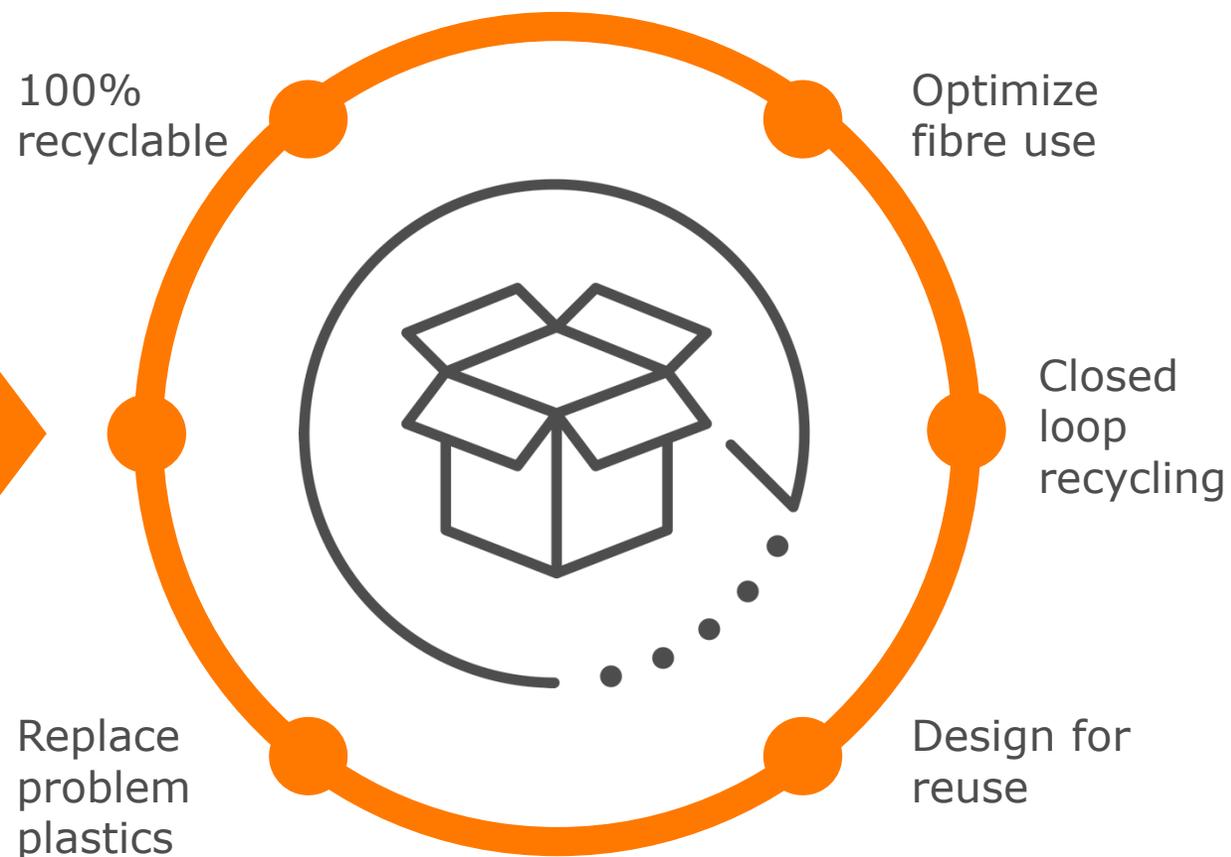
Sustainability

The 'big picture'

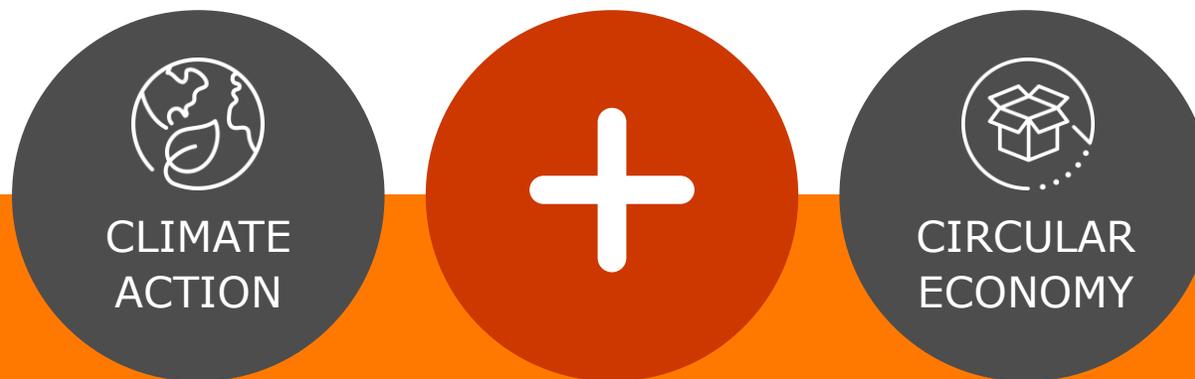


Circular Economy

Where products meets sustainability



Priorities for driving sustainability



“Today’s efforts to combat climate change have focused mainly on the critical role of renewable energy and energy-efficiency measures. However, meeting climate targets will also require tackling the remaining 45% of emissions associated with making products. A circular economy offers a systemic and cost effective approach to tackling this challenge.”

Ellen MacArthur Foundation (2021): *“Completing the Picture: How the circular economy tackles climate change”*

Customer driven strategy - Now and Next

Redefining Packaging for a Changing World



Closing the loop through better design



Protecting natural resources



Reducing waste and pollution



Equipping people to lead the transition to a circular economy



Driving carbon reduction

Leading performance: Climate action

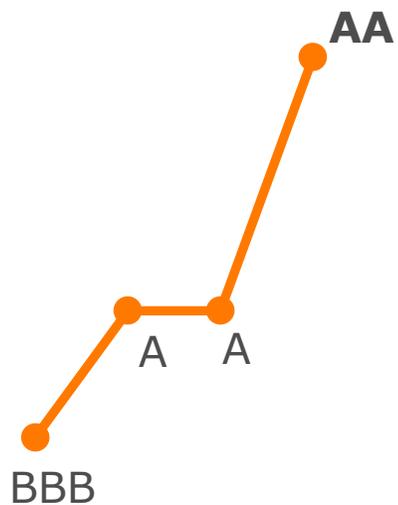


- Committed to Science Based Target in line with 1.5C trajectory
 - 46% absolute reduction in CO₂ by 2030 vs 2019
- Commitment to Net Zero carbon emissions by 2050

Highlights

- 23%* reduction in CO₂e since 2015
- 5% reduction in water abstraction in 2020 vs 2019
- 104 biodiversity projects
- 32%* reduction in waste to landfill in 2020 vs 2019

Performance – leading progress in ESG



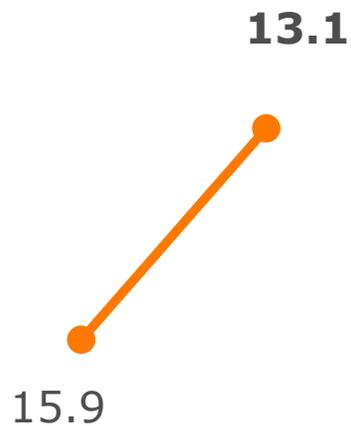
2018 2019 2020 2021



2018 2019 2020 2021



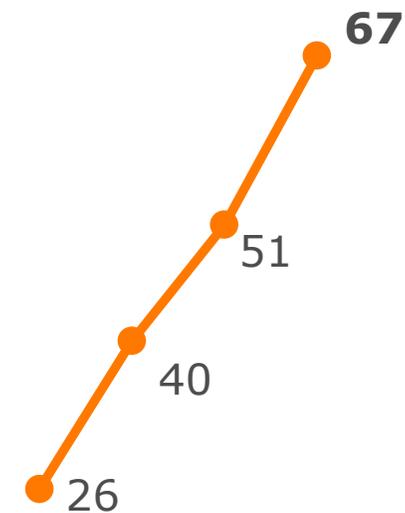
(ESG risk rating: lower is better)



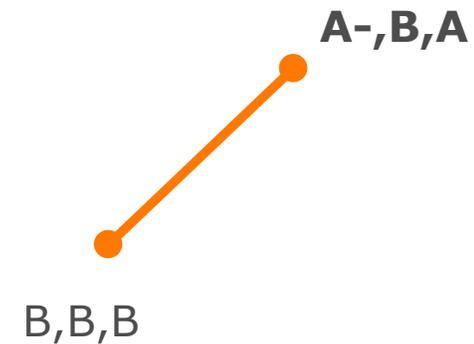
2020 2021



Dow Jones Sustainability Indexes



2018 2019 2020 2021



2020 2021

Our differentiators



A **sustainability strategy** focused on climate action and circular economy



Our strategic partnership with **Ellen MacArthur Foundation**



Our **circular business** model



Our products:

- Renewable material
- Recyclable
- Plastic-free



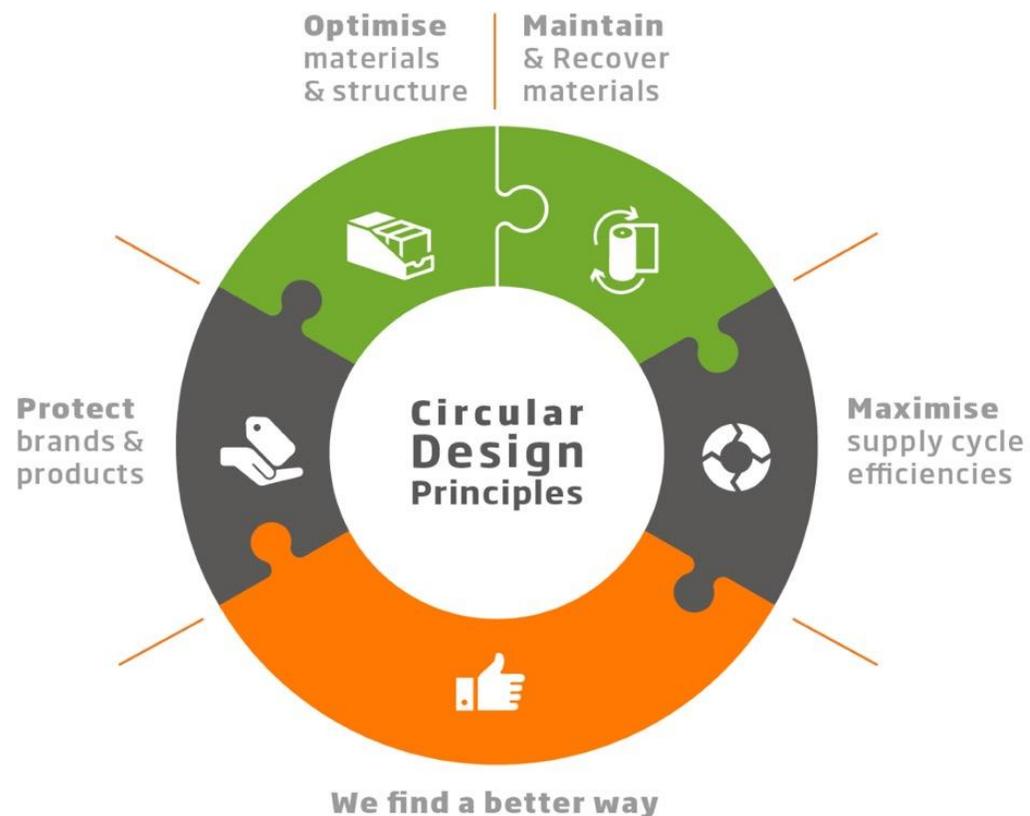
Continuous development of **innovative products** and **services** for customers

Circular economy driving growth

Chris Else
Head of Design



Helping our customers through design



Our Circular Design Principles have helped us develop metrics to rate and compare the environmental performance of packaging designs

- Over 80% of a product's environmental impact is determined at the design stage
- Principles developed with Ellen MacArthur Foundation
- More than 700 designers ensuring theory becomes reality



Demonstrating and delivering value for our customers

The metrics explained

Indicates if the packaging has been designed to be used several times

We identify if the solution is designed and can be promoted for reuse.



Drives packaging optimization for individual supply chains

We review level of existing supply chain data against the BSIR (Board Strength Index Requirement) pyramid.



Shows how recyclable the packaging solution is

We identify non compliant articles where we need to find recyclable or reusable alternatives.



Measures the CO2 impact of the packaging

We give customers a guide on the CO2 impact of ours and other packaging solutions.



Shows how biodegradable / compostable the packaging solution is

We identify non compliant articles where we need to find safer alternatives.



Provides recycled-content value for the corrugated element of the packaging design

We identify noncompliant articles where we need find recyclable or reusable alternatives.



Measures how much of a design is 'wasted'

We identify articles where there is excessive waste, to focus design on a better solution.



Indicates if there are non-renewable elements in the design

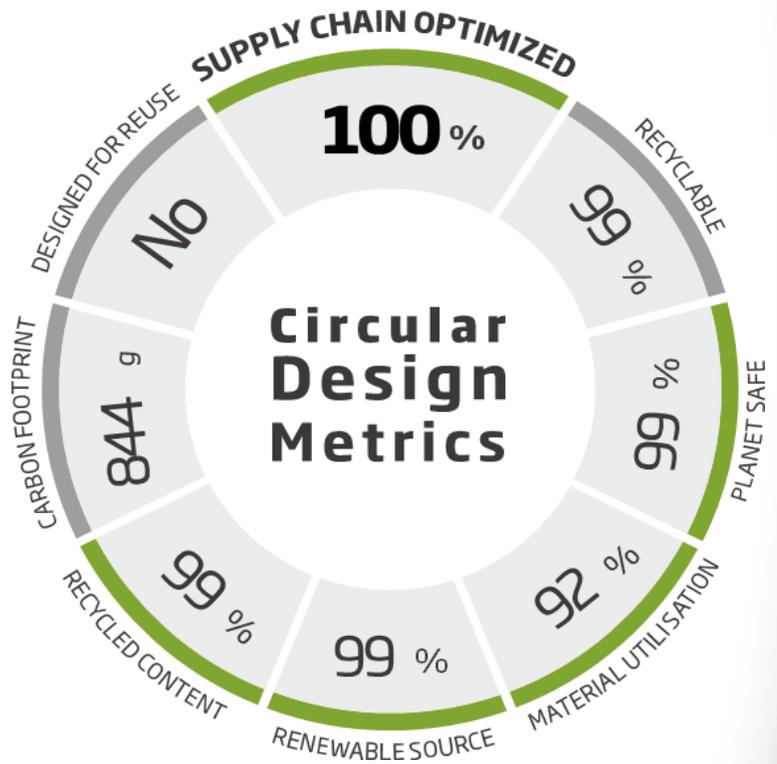
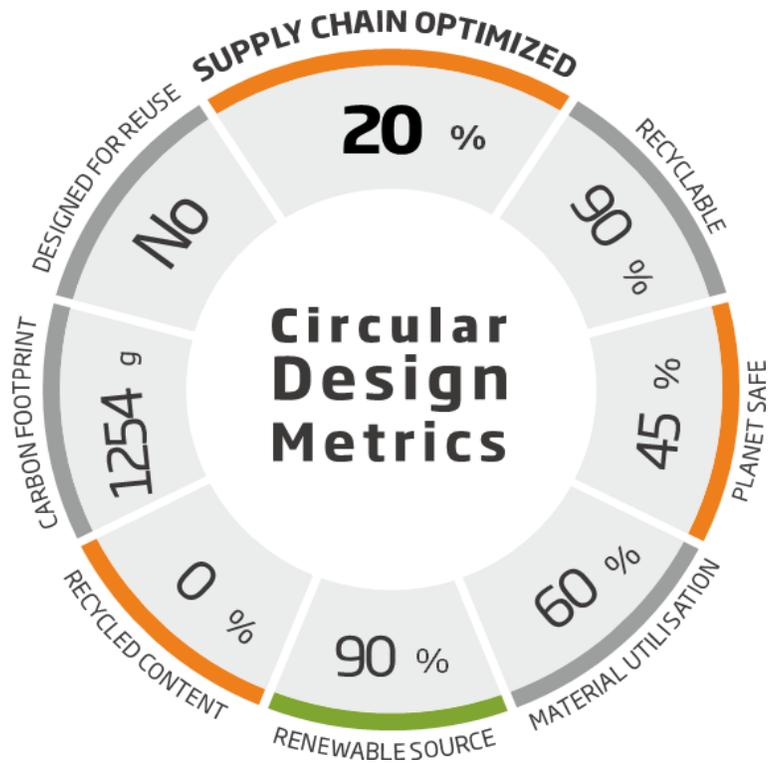
We identify noncompliant articles where we need find recyclable or renewable alternatives.



Circular metric examples

Before

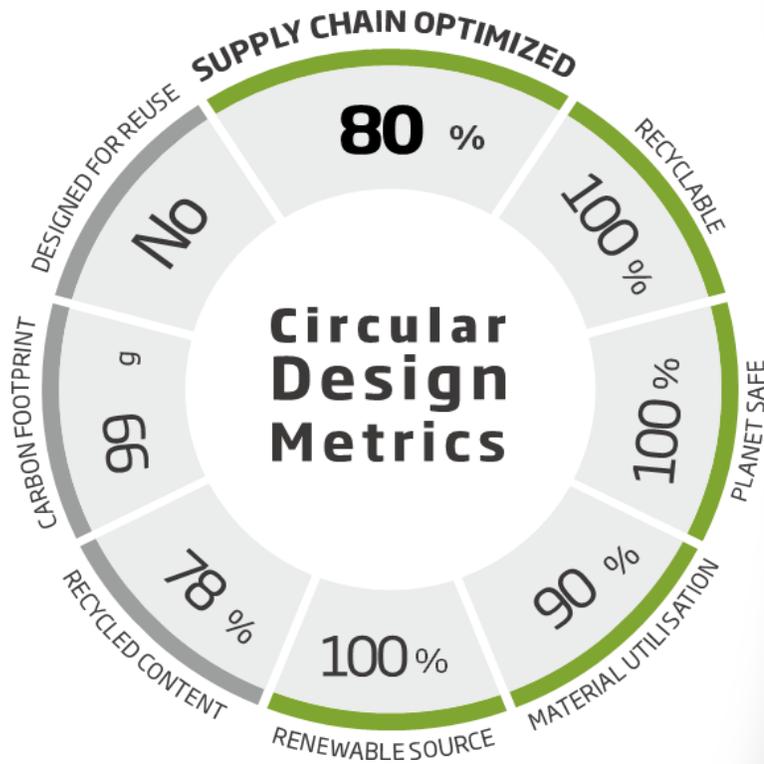
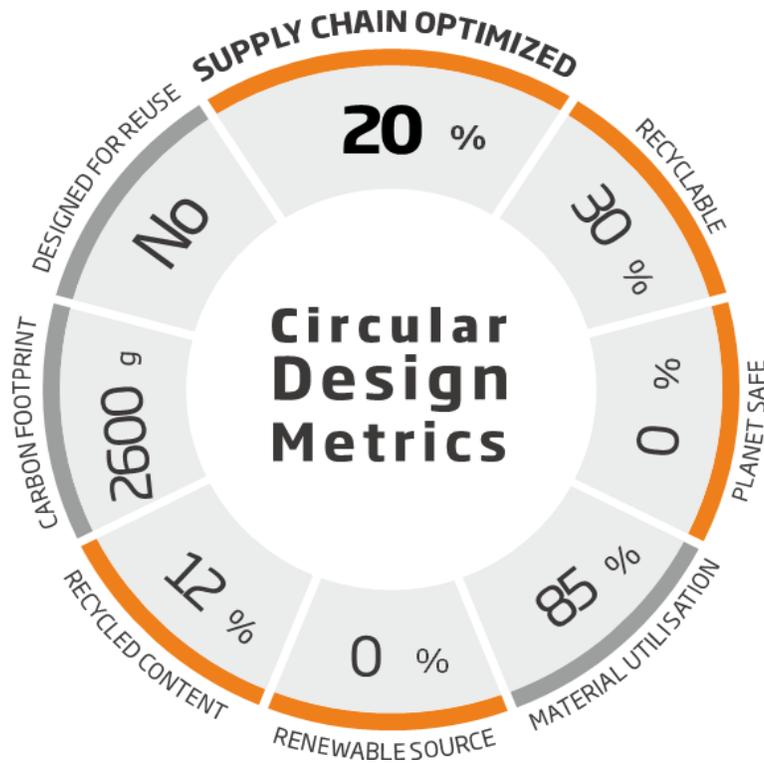
After



Circular metric examples

Before

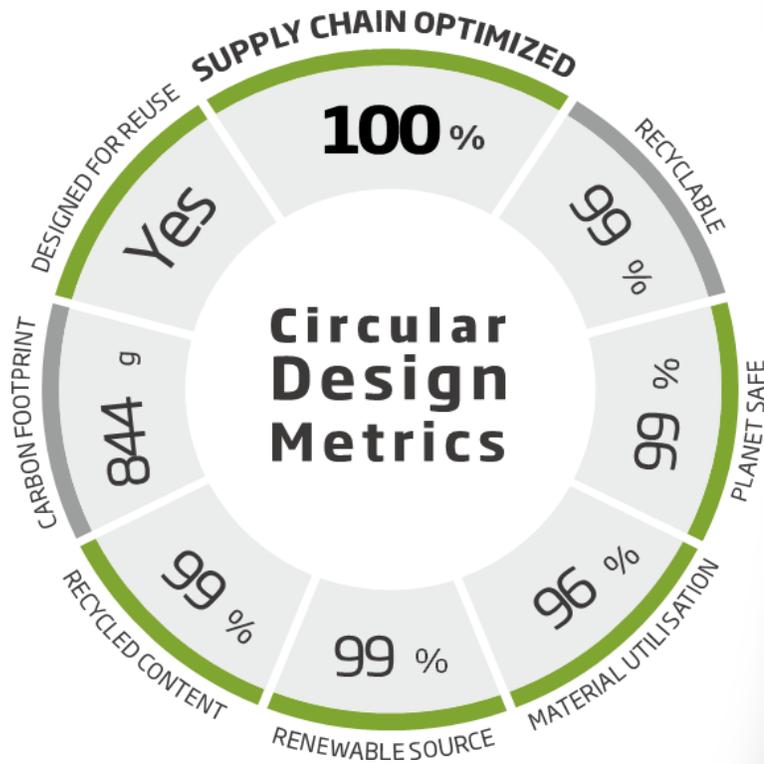
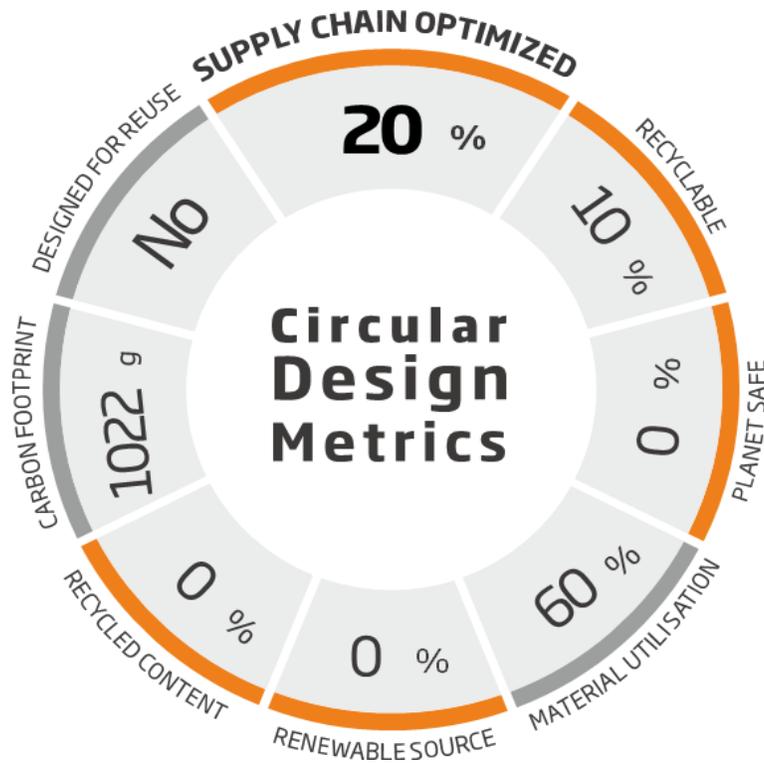
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Circular metric examples

Before

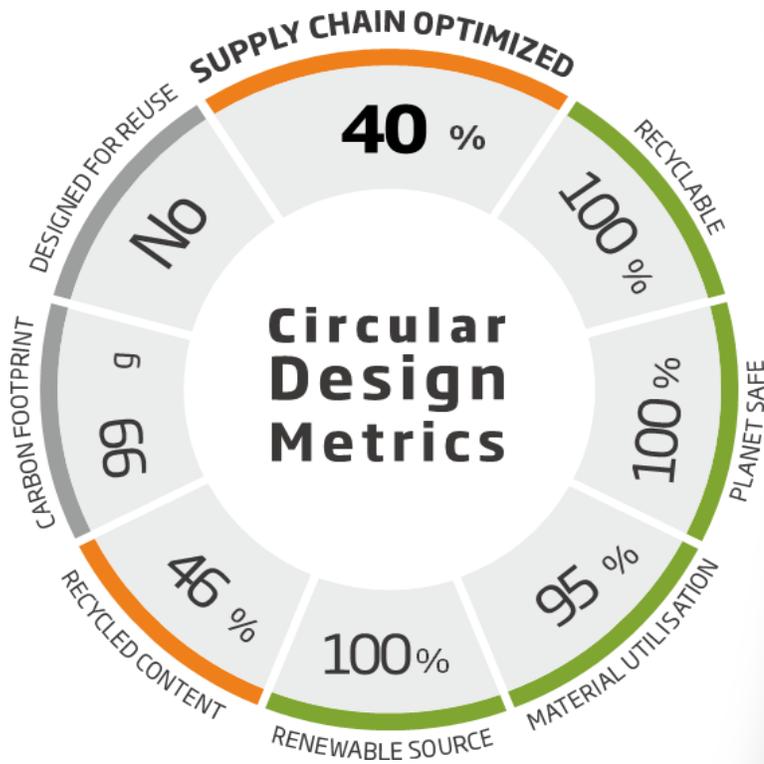
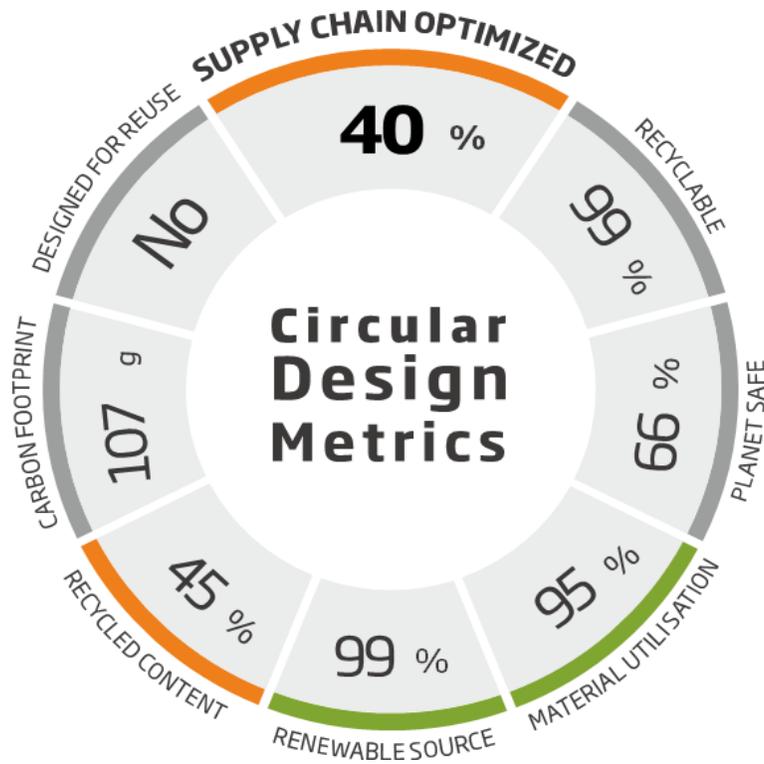
After



Circular metric examples

Before

After



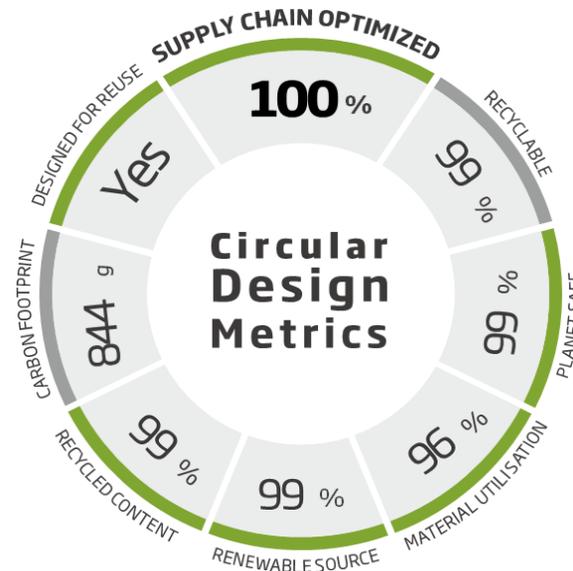
Driving customer engagement

“

Very positive and inspiring metrics that takes 8 important factors into account and not only a few. It is more holistic than what we see with most other suppliers. We are looking forward to start using the metrics in more projects and incorporate it in the daily business with DS Smith.”



- Increased engagement with customers
- Highly positive feedback
- Recognition of importance of design in the sustainability agenda
- Industry leading analysis
- Key differentiator for DS Smith





Accelerating plastic replacement

Samantha Upham
Sustainability Business Partner-
Sales, Marketing & Innovation

Corrugated opportunity from plastic replacement

26m metric tons plastic waste generated

<30% of this waste collected for recycling

>50% of this waste is Packaging

32% plastic packaging in our oceans

UK, EU and USA legislative and policy measures will impact plastic packaging producers and users to help tackle these challenges:

- UK Plastic Packaging Tax
- EU Single-Use Plastics Directive
- EU Packaging and Packaging Waste Directive (Extended Producer Responsibility)
- USA America Extended Producer Responsibility (being adopted at State level)
- EU Circular Business Plan
- EU Sustainable Product Policy Initiative

Corrugated opportunity from plastic replacement

Plastic replacement provides
corrugated market opportunity
of c.1% per annum



Plastic replacement: Innovation driving growth

ECO Bowl™



Simple and Safe

- Fully printable
- Minimal components
- Lightweight and secure

Keep your food fresh

- Fully gas-tight sealing
- Applicable to frozen, chilled and uncooled



Sustainable

- Fully recyclable
- Extends the shelf-life of fresh food
- Reduces food waste

c. €200M

Food sector market
opportunity

Climacell™



Simple and Safe

- Multiple temperature range capability
- Moisture resistant
- Offers the same R-Value* performance as EPS foam and Wool coolers
- Fully customisable

Sustainable solution

- Paper and bio based materials
- 100% recyclable
- Only temperature controlled packaging solution to receive the How2Recycle® "Widely Recyclable" designation
- Flat packed reduces transit cost and CO₂

c. €200M

Pharmaceutical market
opportunity

*R-Value is the industry standard measure of thermal efficiency

ECO-Carrier



Simple and Safe

- Sustainable corrugated solution to replace plastic film alternative for multipack PET bottles (2L, 1.5L)
- Customisable – customer branding
- Supply chain efficiency benefits

Sustainable solution

- Key focus for soft drinks customers
- Fibre-based solution will become dominant format by 2026 for soft drink*

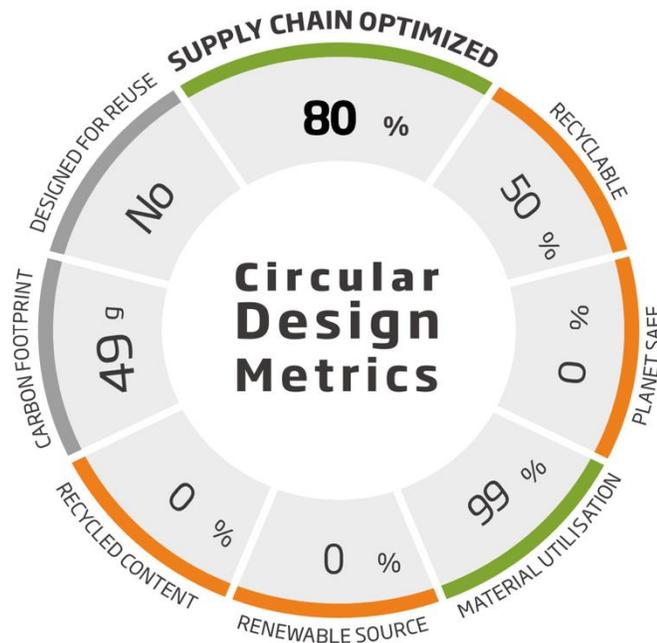
c. €1.0B
Market opportunity

*Source: Smithers information Ltd 2021
The Future of Paper vs Plastic Packaging to 2026, Paper vs Plastic Market Segmentation

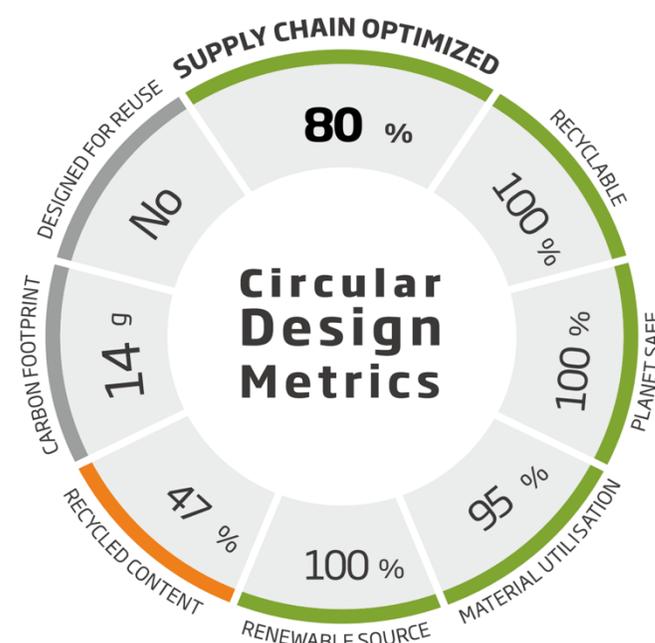
Eco-Carrier - Sustainability Performance



Before



After



Summary

Miles Roberts

Customer feedback



Investing for growth



- **Investing in innovation**
 - Doubling R&D investment
 - £100m commitment over 5 years
 - New state of the art group development centre
- **Investing in digital enablement**
 - Deeper customer engagement
 - E-Pack roll out
- **Investing in our commercial teams**
 - Extensive training and development in circular economy
- **Investing in our capacity**
 - Customer driven
 - New sites in Italy and Poland
 - Major expansion in Germany

Attractive returns on organic investment

- New, state of the art, more sustainable plants
 - Adds 3-4% to Group packaging capacity
 - Over 50% capacity pre-sold
- Opportunities to expand in existing markets
 - Germany expansion
 - Evaluating further opportunities with customers

ITALY



POLAND



Attractive returns; 15% - 20% ROIC Y3

Well positioned for growth



- Significant market opportunity
- Uniquely positioned with differentiated model
- Aligned to customers' requirements
- Investing in:
 - Innovation
 - People
 - Capacity



Positioned for accelerated growth



Thank You

Danke Dankjewel Благодаря 谢谢 Hvala Děkují Tak Aitäh Kiitos Merci Ευχαριστώ
Köszönöm Grazie Paldies Ačiū Ви благодарам شکرالکم Dziękuję Obrigado Mulțumesc
Ďakujem Gracias Tack ขอบคุณ Teşekkür ederim

The Power of Less®